
SENATE BILL No. 501

DIGEST OF INTRODUCED BILL

Citations Affected: IC 20-5.5-7-3; IC 21-3-1.7.

Synopsis: Charter school funding. Provides that the department of education (department) shall distribute tuition support and other state funding to a charter school at the same time and in the same manner as it distributes funding to school corporations. Provides that the governing body of a school corporation shall distribute to a charter school a proportionate share of local support upon receipt by the school corporation of the semiannual distributions of property tax revenue. Provides that the department shall distribute tuition support and other state funding for the first six months of operation of a charter school that increases in enrollment by 10% or that adds a grade level to its academic program. Provides that a school corporation whose students attend a charter school is eligible for a reimbursement grant for the first calendar year after the year in which the charter school begins its initial operation. Includes the reimbursement grant amount in the tuition support cap.

Effective: Upon passage; January 1, 2002 (retroactive).

Lubbers

January 23, 2003, read first time and referred to Committee on Education and Career Development.

C
o
p
y



First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

SENATE BILL No. 501

A BILL FOR AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 20-5.5-7-3, AS ADDED BY P.L.100-2001,
2 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 3. (a) **As used in this section, "enrollment"**
4 **means the number of students enrolled in a charter school and**
5 **reported to the department under subsection (c).**

6 **(b) As used in this section, "proportionate share" means the**
7 **amount determined under STEP THREE of the following formula:**

8 **STEP ONE: Determine the number of students enrolled in a**
9 **charter school who have legal settlement in a particular**
10 **school corporation.**

11 **STEP TWO: Determine the total number of students who are**
12 **enrolled in the school corporation, including students enrolled**
13 **in any charter school.**

14 **STEP THREE: Divide the STEP ONE amount by the STEP**
15 **TWO amount.**

16 **(c) Upon request of the department or** not later than the date
17 established by the department for determining average daily



C
o
p
y

membership under IC 21-3-1.6-1.1(d) **and after May 31**, the organizer shall submit to the department the following information **on a form prescribed by the department**:

- (1) The number of students enrolled in the charter school.
- (2) The name **and address** of each student. **and**
- (3) **The name of** the school corporation in which the student resides.

~~(b) After verifying the accuracy of the information reported under subsection (a),~~

- (4) **The name of the school corporation, if any, that the student attended during the immediately preceding school year.**

- (5) **The grade level in which the student will enroll in the charter school.**

The department shall verify the accuracy of the information reported.

(d) This subsection applies to the second six (6) months of the calendar year in which a charter school begins its initial operation. Beginning not more than sixty (60) days after the department receives the information reported under subsection (c), the department shall distribute a proportionate share of the following to the organizer:

- (1) Tuition support and other state funding for any purpose for students in the charter school.
- (2) ~~A proportionate share of~~ State and federal funds received for students with disabilities or staff services for students with disabilities for the students with disabilities enrolled in the charter school.
- (3) ~~A proportionate share of~~ Funds received under federal or state categorical aid programs for students who are eligible for the federal or state aid enrolled in the charter school.

~~(c)~~ The department shall make a distribution under this subsection at the same time and in the same manner as the department makes a distribution to the school corporation in which a student enrolled in the charter school resides. A distribution under this subsection is in addition to a distribution to a school corporation under IC 21-3-1.7 for a student who has legal settlement in the school corporation and is enrolled in the charter school.

(e) Not later than the date established by the department for determining average daily membership under IC 21-3-1.6-1.1(d) and after May 31, the organizer shall submit to each governing body **a report of the total number and names of students from the governing**

C
o
p
y



body's school corporation enrolled in the charter school. Upon verifying on a form prescribed by the department the information reported under subsection (c). The governing body shall verify the accuracy of the information reported.

(f) This subsection applies beginning with the first property tax distribution described in IC 6-1.1-27-1 to a governing body after the governing body receives the information reported under subsection (e). Not more than ten (10) days after the date on which the governing body receives a property tax distribution described in IC 6-1.1-27-1, the governing body shall distribute to the organizer a proportionate share of local support the following revenues for the students enrolled in the charter school: in an amount determined under STEP THREE of the following formula:

STEP ONE: Add the

(1) Revenues obtained by the school corporation's:

(A) general fund property tax levy; and

(B) general fund auto excise and financial institutions tax;

STEP TWO: Divide the sum determined under STEP ONE by the total number of students enrolled in the school corporation;

STEP THREE: Multiply the quotient determined under STEP TWO by the number of students enrolled in the charter school.

(d) The distribution under subsection (b) shall be made on the same schedule as the schedule on which the school corporation receives the funds:

(B) excise tax revenue (as defined in IC 21-3-1.7-2).

(2) The school corporation's certified distribution of county adjusted gross income tax revenue under IC 6-3.5-1.1 that is to be used as property tax replacement credits.

(g) This subsection applies after December 31 of the calendar year in which a charter school begins its initial operation. Based on the information reported under subsection (c), and except as provided in subsection (i), the department shall distribute to the organizer a proportionate share of the following:

(1) Tuition support and other state funding for any purpose for all students enrolled in the charter school.

(2) State and federal funds received for students with disabilities or for staff services for students with disabilities for students with disabilities enrolled in the charter school.

(3) Funds received under federal or state categorical aid programs for students who are eligible for the federal or state aid and enrolled in the charter school.

The department shall make a distribution under this subsection at

C
o
p
y



the same time and in the same manner as the department makes a distribution to a school corporation in which students enrolled in the charter school reside. A distribution under this subsection is in place of a distribution to a school corporation under IC 21-3-1.7 for a student who has legal settlement in the school corporation and is enrolled in the charter school.

(h) Subsection (i) does not apply to the second six (6) months of the calendar year in which a charter school begins its initial operation. However, subsection (i) applies during the second six (6) months of a calendar year in which:

- (1) a charter school's most recent enrollment divided by the charter school's enrollment for the immediately preceding school year is at least one and one-tenth (1.1); or
- (2) a charter school adds one (1) or more grade levels to the charter school's academic program.

(i) Beginning not more than sixty (60) days after the department receives the information reported under subsection (c), the department shall distribute to the organizer:

- (1) a proportionate share of:
 - (A) tuition support and other state funding for any purpose for all students enrolled in the charter school;
 - (B) state and federal funds received for students with disabilities or for staff services for students with disabilities for students with disabilities enrolled in the charter school; and
 - (C) funds received under federal or state categorical aid programs for students who are eligible for the federal or state aid and enrolled in the charter school; multiplied by
- (2) the result of the last of the following STEPS:
 - STEP ONE: Determine the result of:
 - (A) the charter school's most recent enrollment; minus
 - (B) the charter school's enrollment for the immediately preceding school year.
 - STEP TWO: Determine the quotient of:
 - (A) the STEP ONE amount; divided by
 - (B) the charter school's enrollment for the immediately preceding school year.
 - STEP THREE: Determine the sum of:
 - (A) one (1); plus
 - (B) the STEP TWO result.

The department shall make a distribution under this subsection at the same time and in the same manner as the department makes a

C
o
p
y



distribution to a school corporation in which students enrolled in the charter school reside.

SECTION 2. IC 21-3-1.7-9, AS AMENDED BY P.L.178-2002, SECTION 96, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 9. (a) Subject to the amount appropriated by the general assembly for tuition support, the amount that a school corporation is entitled to receive in tuition support for a year is the amount determined in section 8 of this chapter.

(b) If the total amount to be distributed as tuition support under this chapter, for enrollment adjustment grants under section 9.5 of this chapter, for at-risk programs under section 9.7 of this chapter, for academic honors diploma awards under section 9.8 of this chapter, **for reimbursement grants under section 9.9 of this chapter**, for primetime distributions under IC 21-1-30, for special education grants under IC 21-3-2.1, and for vocational education grants under IC 21-3-12 for a particular year, exceeds:

(1) three billion three hundred sixty-three million four hundred thousand dollars (\$3,363,400,000) in 2001;

(2) three billion four hundred thirty-seven million one hundred thousand dollars (\$3,437,100,000) in 2002; and

(3) three billion five hundred thirty-six million five hundred thousand dollars (\$3,536,500,000) in 2003;

the amount to be distributed for tuition support under this chapter to each school corporation during each of the last six (6) months of the year shall be reduced by the same dollar amount per ADM (as adjusted by IC 21-3-1.6-1.1) so that the total reductions equal the amount of the excess.

SECTION 3. IC 21-3-1.7-9.5, AS AMENDED BY P.L.93-2000, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 9.5. (a) In addition to the distribution under sections 8, 9.7, ~~and 9.8~~, **and 9.9** of this chapter, a school corporation is eligible for an enrollment adjustment grant if the school corporation's:

(1) current ADM minus the school corporation's previous year ADM is at least two hundred fifty (250); or

(2) current ADM divided by the school corporation's previous year ADM is at least one and five-hundredths (1.05).

(b) The amount of the enrollment adjustment grant is the amount determined in STEP THREE of the following formula:

STEP ONE: Determine the school corporation's target revenue per ADM divided by three (3).

STEP TWO: Determine the result of the school corporation's

C
o
p
y



current ADM minus the school corporation's previous year ADM.
 STEP THREE: Multiply the STEP ONE result by the STEP TWO
 result.

(c) Notwithstanding any other provision, for purposes of computing
 the amount of a grant under this section, "ADM" does not include an
 eligible pupil who:

(1) is described in IC 21-3-1.6-1.2(a); or

**(2) attends a charter school and is counted in the charter
 school's enrollment (as defined in IC 20-5.5-7-3(a)) for
 purposes of calculating a distribution under IC 20-5.5-7-3(i).**

SECTION 4. IC 21-3-1.7-9.7, AS AMENDED BY P.L.291-2001,
 SECTION 97, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 JANUARY 1, 2002 (RETROACTIVE)]: Sec. 9.7. In addition to the
 distributions under sections 8, 9.5, ~~and~~ 9.8, **and 9.9** of this chapter for
 1997 and thereafter, a school corporation is eligible for an amount for
 at-risk programs in the amount determined in STEP SIX of the
 following formula:

STEP ONE: Determine the greater of the following:

(A) The result determined under item (ii) of the following
 formula:

(i) Determine the result of the school corporation's at-risk
 index minus two-tenths (0.2).

(ii) Multiply the item (i) result by seven-hundredths (0.07).

(B) Zero (0).

STEP TWO: Determine the greater of the following:

(A) The result determined under item (ii) of the following
 formula:

(i) Determine the result of the school corporation's at-risk
 index minus fifteen-hundredths (0.15).

(ii) Multiply the item (i) result by eighteen-hundredths
 (0.18).

(B) Zero (0).

STEP THREE: Determine the result under clause (B) of the
 following formula:

(A) Determine the lesser of:

(i) the school corporation's at-risk index; or

(ii) fifteen-hundredths (0.15).

(B) Multiply the clause (A) result by one hundredth (0.01).

STEP FOUR: Add the STEP ONE result, the STEP TWO result,
 and the STEP THREE result.

STEP FIVE: Multiply the STEP FOUR sum by the school
 corporation's current ADM. Round the result to the nearest

C
o
p
y



one-hundredth (0.01).

STEP SIX: Multiply the STEP FIVE product by three thousand five hundred ninety-two dollars (\$3,592) in 2002 and three thousand six hundred sixty-four dollars (\$3,664) in 2003.

SECTION 5. IC 21-3-1.7-9.8, AS AMENDED BY P.L.291-2001, SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 9.8. (a) In addition to the distributions under sections 8, 9.5, ~~and 9.7~~, **and 9.9** of this chapter, a school corporation is eligible for an honors diploma award in the amount determined under STEP TWO of the following formula:

STEP ONE: Determine the number of the school corporation's eligible pupils who successfully completed an academic honors diploma program in the school year ending in the previous calendar year.

STEP TWO: Multiply the STEP ONE amount by:

- (1) nine hundred forty-four dollars (\$944) in 2002; and
- (2) nine hundred sixty-three dollars (\$963) in 2003.

(b) Each year the governing body of a school corporation may use the money that the school corporation receives for an honors diploma award under this section to give nine hundred forty-four dollars (\$944) in 2002 and nine hundred sixty-three dollars (\$963) in 2003 to each eligible pupil in the school corporation who successfully completes an academic honors diploma program in the school year ending in the previous calendar year.

SECTION 6. IC 21-3-1.7-9.9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 9.9. (a) In addition to the distributions under sections 8, 9.5, 9.7, and 9.8 of this chapter, a school corporation whose students attend a charter school is eligible for a reimbursement grant in the calendar year immediately following the calendar year in which the charter school begins its initial operation.**

(b) Not earlier than January 1 of the calendar year immediately following the calendar year in which the charter school begins its initial operation, and not more than sixty (60) days after the governing body makes a distribution under IC 20-5.5-7-3(f), the department shall distribute in three (3) equal installments to the school corporation the sum of the amounts that are paid by the school corporation under IC 20-5.5-7-3(f) during the second six (6) months of the calendar year in which the charter school begins its initial operation to each charter school attended by the school corporation's students. The department shall distribute the third



C
o
p
y

installment under this subsection not later than June 30 of the calendar year immediately following the calendar year in which the charter school begins its initial operation.

(c) This subsection applies to a school corporation for which the amount determined under IC 21-3-1.7-6.7(b) STEP FIVE equals the amount determined under IC 21-3-1.7-6.7(b) STEP FIVE (B). In addition to the amount described in subsection (b), and at the same time and in the same manner the department distributes tuition support, the department shall distribute in equal installments to the school corporation the amount determined in STEP THREE of the following formula:

STEP ONE: Determine the amount of:

(A) tuition support (as defined in IC 21-3-1.7-4);

(B) property tax revenue;

(C) county adjusted gross income tax revenue in the form of property tax replacement credits; and

(D) excise tax revenue (as defined in IC 21-3-1.7-2);

to which each charter school attended by the school corporation's students is entitled under IC 20-5.5-7-3(d) and IC 20-5.5-7-3(f) for the calendar year immediately following the calendar year in which the charter school begins its initial operations.

STEP TWO: Determine the sum of the amounts determined under STEP ONE.

STEP THREE: Divide the STEP TWO amount by two (2).

The department shall distribute the final installment under this subsection not later than December 31 of the calendar year immediately following the calendar year in which the charter school begins its initial operation.

SECTION 7. An emergency is declared for this act.

C
o
p
y

